

# **State of Alaska FY2010 Governor's Operating Budget**

## **Department of Natural Resources Agricultural Development Component Budget Summary**

## Component: Agricultural Development

### Contribution to Department's Mission

Promote and encourage development of an agriculture industry in Alaska.

### Core Services

- agricultural land management and sales.
- marketing services.
- inspection services.

End Result	Strategies to Achieve End Result
<b>A: Agriculture land is made available in a range of parcel sizes by regional and local demand for land sales.</b>  <u>Target #1:</u> Sell a minimum of 300 acres of agriculture land annually. <u>Status #1:</u> 344 acres of agriculture land was sold in 2008, 10,261 acres have been sold since 2001.	<b>A1: Land disposals to increase the agriculture land base.</b>  <u>Target #1:</u> Sell a minimum of 300 acres of agriculture land annually. <u>Status #1:</u> In 2008, 344 acres of agriculture land were sold.
End Result	Strategies to Achieve End Result
<b>B: Development and expansion of Agriculture Industry in Alaska. Provide marketing and educational information to Alaska growers and consumers.</b>  <u>Target #1:</u> Increase consumer awareness of Alaska agricultural products. <u>Status #1:</u> 187 marketing activities were accomplished promoting both consumer and producer awareness in 2008.  <u>Target #2:</u> Expand gross farm product sales by 1% <u>Status #2:</u> 2.5% change in public awareness of Alaska Grown farm products in 2008 as compared to 1.0% in 2007.	<b>B1: Marketing assistance to agriculture industry.</b>  <u>Target #1:</u> Increase producer and retail awareness in Alaska Grown programs by accomplishing 200 marketing activities. <u>Status #1:</u> In 2008, 187 marketing activities were accomplished promoting both consumer and producer awareness.  <u>Target #2:</u> Expand gross farm product sales by 1% <u>Status #2:</u> An increase of 2.5% change in public awareness of Alaska Grown farms products in 2008 as compared to 1.0% in 2007.
End Result	Strategies to Achieve End Result
<b>C: Ensure inspection and grading services are provided for agricultural production and sales.</b>  <u>Target #1:</u> Inspect for USDA grade and buyer specifications. <u>Status #1:</u> 458 inspections were requested and accomplished to meet statutory, federal and international contract requirements in 2008. These inspections represent approximately \$43.1 million realized from	<b>C1: Conduct plant industry regulatory inspection and certification activities in the following areas: Fresh fruit &amp; vegetable, international phytosanitary, elk farm, shell egg and brands.</b>  <u>Target #1:</u> Conduct ~ 600 inspections requested by industry to meet statutory, federal and international contract requirements. <u>Status #1:</u> In 2008, 458 inspections were requested by

timber, exports and other products.	industry and conducted to meet statutory, federal, and international contract requirements. These inspections present approximately 43.1 million dollars of product annually.
<p><u>Target #2:</u> 69 Alaska Grown program inspections were completed in 2008 compared to 41 in 2007.</p> <p><u>Status #2:</u> Conduct 100% of inspection services requested to meet statutory and state industry purchase contract requirements.</p>	<p><u>Target #2:</u> Field inspections.</p> <p><u>Status #2:</u> In 2008 69 field inspections were completed as compared to 41 in 2007.</p>

### Major Activities to Advance Strategies

<ul style="list-style-type: none"> <li>• Help implement National Farm Bill through participation in the National Association of State Departments of Agriculture (NASDA).</li> <li>• Help implement National Farm Bill through participation in the Western Association of State Departments of Agriculture (WASDA).</li> <li>• Farm Bill priorities for Alaska are specialty crop, equip, and Wildlife Habitat Improvement project.</li> <li>• Set policy and manage the agricultural development program, the Northern Latitude Plant Materials Center, and the Agricultural Revolving Loan Fund.</li> <li>• Provide administrative support to the Board of Agriculture and Conservation.</li> <li>• Prepare land sales and work with the Board of Agriculture and Conservation and Soil and Water Districts to accomplish land disposals.</li> <li>• Adjudicate lease and permit applications.</li> <li>• Develop new statewide grazing policy and possibly new regulations.</li> <li>• Provide inspections for elk farming to meet statutory requirements.</li> <li>• Conduct produce inspections for USDA grade and buyer specifications.</li> <li>• Cooperate with USDA to provide shell egg surveillance.</li> <li>• Provide meat grading services as requested.</li> </ul>	<ul style="list-style-type: none"> <li>• Maintain State Plant Health Programs to deliver pest exclusion and monitoring programs to support trade.</li> <li>• Issue phytosanitary certificates for export products.</li> <li>• Provide for organic product certification.</li> <li>• Continue Cooperative Marketing Program</li> <li>• Provide marketing assistance to farmers through information transfer.</li> <li>• Manage Alaska Grown program.</li> <li>• Assist farmer markets with promotional efforts.</li> <li>• Assist seed growers with market development.</li> <li>• Encourage use of Alaska Grown products by state and federal agencies.</li> <li>• Monitor compliance with local purchase practice, statutes and regulations.</li> <li>• Train staff in organic program management.</li> </ul>
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### FY2010 Resources Allocated to Achieve Results

**FY2010 Component Budget: \$2,105,900**

**Personnel:**

Full time	14
Part time	0
<b>Total</b>	<b>14</b>

## Performance

### A: Result - Agriculture land is made available in a range of parcel sizes by regional and local demand for land sales.

**Target #1:** Sell a minimum of 300 acres of agriculture land annually.

**Status #1:** 344 acres of agriculture land was sold in 2008, 10,261 acres have been sold since 2001.

#### # Acres of agriculture land sold

Year	YTD Total
2010	**2700
2009	*1480
2008	344
2007	440
2006	361
2005	847
2004	3,114
2003	1853
2002	0
2001	3,302

*Methodology: Reported on an annual basis. The 2008 sale resulted in \$218,000.00. \*In June 2009 an anticipated sale of 1480 acres and in \*\*2010 another 2700 acres is being processed and prepared by the Northern Region Office.*

*The Southcentral office is currently researching areas of agriculture potential and possible access to those lands. The Division is currently working with the land settlement unit on coordinating joint agriculture and subdivision projects.*

### A1: Strategy - Land disposals to increase the agriculture land base.

**Target #1:** Sell a minimum of 300 acres of agriculture land annually.

**Status #1:** In 2008, 344 acres of agriculture land were sold.

### B: Result - Development and expansion of Agriculture Industry in Alaska. Provide marketing and educational information to Alaska growers and consumers.

**Target #1:** Increase consumer awareness of Alaska agricultural products.

**Status #1:** 187 marketing activities were accomplished promoting both consumer and producer awareness in 2008.

**Target #2:** Expand gross farm product sales by 1%

**Status #2:** 2.5% change in public awareness of Alaska Grown farm products in 2008 as compared to 1.0% in 2007.

#### % Change and Monetary Value of Agriculture Products Sold in Million Dollars

Year	Percent	YTD Total
2008	2.5%	\$33.2
2007	1.0%	\$32.1
2006	0.98%	\$31.9
2005	0.97%	\$31.2
2004	-1.0%	\$30.3
2003	0.98%	\$30.7
2002	0.87%	\$30.2
2001	0	\$26.5

*Methodology: Reported on an annual basis from Alaska Agricultural Statistics.*

**Analysis of results and challenges:** The data comes from surveys conducted throughout the year by the USDA National Agricultural Statistics Services.

An increase in the general publics' awareness of the availability of Alaska Grown farm products has impacted total sales. The nationwide trends to "buy local" has favorably affected Alaskan farmers. As more consumers become aware of where their food is coming from (98% of Alaska's food supply is imported) they naturally want to support Alaska Grown.

#### **B1: Strategy - Marketing assistance to agriculture industry.**

**Target #1:** Increase producer and retail awareness in Alaska Grown programs by accomplishing 200 marketing activities.

**Status #1:** In 2008, 187 marketing activities were accomplished promoting both consumer and producer awareness.

##### **Alaskan Grown Products**

Year	Food services	Farmers Market	Presentations	Contact visits	YTD Total	Target
2008	105	20	46	62	233	200
2007	93	36	16	48	193	150
2006	86	13	07	19	125	100

**Analysis of results and challenges:** Division marketing staff have been increasing their efforts in outreach and education of the general public about Alaska Grown farm products. Direct marketing sales through farmers markets, farm stands and community supported agriculture projects are on the rise. In 2001 there were 8 farmers markets in Alaska whereas in 2008 there are 22. The Division has increased financial support (through various grant programs) to farmers and farmers market managers.

**Target #2:** Expand gross farm product sales by 1%

**Status #2:** An increase of 2.5% change in public awareness of Alaska Grown farms products in 2008 as compared to 1.0% in 2007.

**Analysis of results and challenges:** The data comes from surveys conducted throughout the year by the USDA National Agricultural Statistics Services.

An increase in the general publics' awareness of the availability of Alaska Grown farm products has impacted total sales. The nationwide trends to "buy local" has favorably affected Alaskan farmers. As more consumers become aware of where their food is coming from (98% of Alaska's food supply is imported) they naturally want to support Alaska Grown.

#### **C: Result - Ensure inspection and grading services are provided for agricultural production and sales.**

**Target #1:** Inspect for USDA grade and buyer specifications.

**Status #1:** 458 inspections were requested and accomplished to meet statutory, federal and international contract requirements in 2008. These inspections represent approximately \$43.1 million realized from timber, exports and other products.

**Target #2:** 69 Alaska Grown program inspections were completed in 2008 compared to 41 in 2007.

**Status #2:** Conduct 100% of inspection services requested to meet statutory and state industry purchase contract requirements.

**State Inspections Completed**

Fiscal Year	Elk Farm	AK Grown	YTD Total	Target
FY 2008	5	64	69	100%
FY 2007	2	39	41	100%
FY 2006	10	20	30	100%
FY 2005	2	16	18	100%
FY 2004	1	17	18	100%
FY 2003	8	26	34	100%
FY 2002	2	35	37	100%

Methodology: Elk Farm= Elk Farm inspections & licenses

AK Grown=Alaska Grown User Applications

**Analysis of results and challenges:** These state inspections monitor compliance with state programs. Elk farm inspections are required by statute AS 03.05.075 and occur at least bi-annually and may fall outside of the state fiscal calendar for reporting purposes. Alaska Grown program inspections fluctuate as new programs and products enter the market place.

**C1: Strategy - Conduct plant industry regulatory inspection and certification activities in the following areas: Fresh fruit & vegetable, international phytosanitary, elk farm, shell egg and brands.**

**Target #1:** Conduct ~ 600 inspections requested by industry to meet statutory, federal and international contract requirements.

**Status #1:** In 2008, 458 inspections were requested by industry and conducted to meet statutory, federal, and international contract requirements. These inspections present approximately 43.1 million dollars of product annually.

**Federal Inspections Completed**

Fiscal Year	FPC	FV-300	FV-301	YTD Total
FFY 2008	54	45	359	458*
FFY 2007	48	60	404	512
FFY 2006	45	73	500	618
FFY 2005	23	176	396	595
FFY 2004	17	146	359	522
FFY 2003	14	150	652	816
FFY 2002	23	153	580	756

Methodology: FPC - Federal Phytosanitary Certificates

FV-300 - Commercial produce inspections

FV-301 - Military & institutional produce inspections

\*Thru July 2008 two months remaining.

**Analysis of results and challenges:** These three federal inspection program activities are required by government or private purchase contracts for commercial sales activity to occur. The Phytosanitary certificates, FV300 and FV301 are federal programs; the figures are based on the federal fiscal year. These federal programs and inspections cover three areas.

1. FPC (Federal Phytosanitary Certification), required by importing countries as a condition to export Alaska plant products, these inspections cover over \$20 million dollars of forest and agricultural products.
2. FV300 federal inspections are requested by Alaska produce businesses as an official evaluation of produce for which a commerce claim has been made. These are legal documents in a court of law and represent approximately \$7.5 million dollars of produce.
3. FV301 federal inspections are required to sell to federal institutions, and some state institutions to determine if contracted quality and specifications are met on specified product. These inspections represent approximately \$15.6 million dollars of products annually.

**Target #2:** Field inspections.

**Status #2:** In 2008 69 field inspections were completed as compared to 41 in 2007.

## Key Component Challenges

Plant pests, plant diseases, weeds, chemical contamination, potato late blight, and E. coli bacteria are some of the events that can devastate a crop, economy and the food we eat. Alaska agriculture has the potential to supply a larger percentage of food, including meat, poultry, milk, vegetable, and related products to the Alaska population. This local fresh food is the basis of a healthier population with increased independence from imported food.

The Division of Agriculture is focusing a great deal of attention on developing local and quality consciousness in the Alaska market place. We are doing this through the Alaska Grown program and support of the farmer's markets which act as education incubators where farmers and the public interact directly. These markets introduce up to 80 different Alaska Grown varieties which are largely unavailable in the retail stores. Eventually many of these products find their way into the local retail outlets. The states ownership and management of the Alaska Grown program has been challenged by a local chapter of the Farm Bureau and the Division continues to defend that program for the use and benefit of the farm community state-wide. The Division has held public comment meetings and drafted new regulations for the entire Alaska Grown program.

The next sizable agriculture parcels are in Fish Creek in the Mat Su Valley. The best access to Fish Creek is through Mat Su Borough property. A challenge in the area of land disposal is a resistance to land sales in this area. Tremendous growth in the Mat Su Valley has provided significant competing pressures on local government to balance planning and zoning for multiple uses including residential and industrial development. There is a huge demand for small to mid sized farm parcels by young farm family entrepreneurs. Fish Creek has the potential of becoming an incubator for the small to mid sized farm that will support young families, feed into the farmer's markets, and also consume the feed produced on the larger existing agriculture projects.

An ongoing issue has been the Alaska Grown preference law and enforcing the law for state institutions to purchase Alaska Grown produce.

There was no late blight reported in 2007 or 2008. A serious bout of potato late blight occurred in the 2005 crop season which triggered agency responses and coordination with farmers to put a monitoring process in place for the potato late blight. Another minor outbreak in the late 2006 season did not severely affect the potato season due to the early harvest.

## Significant Changes in Results to be Delivered in FY2010

USDA plant protection issues have resulted in federal projects and funding for Alaska and the Division of Agriculture. All pests on national and regional lists are assessed each year to determine their potential effects in Alaska. The primary focus is on new and exotic invasive, and other serious pests that might be or have been accidentally or deliberately introduced to harm the nation's agriculture environment, natural resources or economic welfare including those pests and diseases affecting trade.

USDA Agricultural Marketing Service Federal (\$60.0) Federal increment.

A Specialty Crops Block Grant Program has been made available to the State. These funds allow the State to enhance and provide competitiveness of these crops through promotion, marketing, trade, food safety, and product development.

Country of Origin Labeling Retail Surveillance (COOL). This program provides for surveillance audits of covered retail facilities to ensure compliance with the country of origin labeling provision of the 2002 Farm Bill. Staff at the Division of Agriculture has been trained to perform these inspections that are reimbursed by USDA.

New uses for Federal State Marketing Improvement Program (FSMIP) funds will include exploring markets for red meat products, crop innovation grants, crop awareness, and establishing a farmer's market association. Other projects will address barriers, challenges, and opportunities in marketing, transportation, and distribution of Alaskan

food and agricultural products domestically and internationally.

## Major Component Accomplishments in 2008

An Alaska agricultural plan draft continues to be developed in cooperation with the University of Alaska Fairbanks, School of Natural Resources and Agriculture Sciences, agriculture producers, Board of Agriculture and Conservation members, private individuals, agencies, and the State Farm Bureau. The plan will be introduced for public review and our target will produce a finalized document in January. This plan focused on the different segments of the industry.

### Inspection / Alaska Grown Marketing

Through inspections we continue to facilitate timber export. This work has generated sales of Alaska timber to China.

The Division awarded approximately \$150,000 in grant monies in 2008. The Cooperative Marketing Program issued 14 awards totaling over \$45,000. A new program targeted at assisting Farmers Markets in advertising delivered 12 awards for a total over \$42,000. Five recipients of Nursery Greenhouse Match Grants used for advertising in 2008. A new program targeted at increasing crop productivity and extending the growing season awarded 13 grants for a total over \$47,000. Grower education is the focus of a new program which awarded 12 participants. A Youth Agriculture Education Grant went to the Kodiak FFA chapter.

The Division continues its Memorandum of Understanding with the USDA, AMS to implement the mandatory Country of Origin Labeling (COOL) law for fish and shellfish. Division staff completed 5 Retail Surveillance Audits throughout the State. We expect this program to grow as commodities are set to fall under COOL requirements in 2009. We were reimbursed by USDA, AMS for expenses related to this program.

The Division of Agriculture assisted producers in organic certification by cooperating with USDA to provide funding assistance for certification. The Division cooperated with the Washington State Department of Agriculture to provide Alaska producers a certification program. Without this certification Alaskans would not be able to sell their products as certified organic. Sales of Alaska produced organic products are estimated at \$1.3 million.

The Division was a Cornerstone sponsor of the Alaska State Fair and sponsored or assisted in planning the Nursery & Greenhouse Conference, the Potato & Vegetable Conference, as well as "Alaska Grown Day" at the Alaska State Fair, the Tanana Valley Fair, the Kenai Peninsula Fair and the South East Alaska State Fair.

### Agriculture Land

Sold a total of 344 acres of Title 38 agricultural property, with a return to the state of approximately \$218,000. An additional 1480 acres will be offered in FY10.

## Statutory and Regulatory Authority

AS 03, AS 03.09, AS 03.10, AS 03.22, AS 38.05, AS 41.10, AS 41.17

### Contact Information

**Contact:** Franci Havemeister, Director  
**Phone:** (907) 761-3867  
**Fax:** (907) 745-7112  
**E-mail:** Franci.Havemeister@alaska.gov



### Agricultural Development Component Financial Summary

*All dollars shown in thousands*

	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	1,148.2	1,208.6	1,250.4
72000 Travel	81.9	63.5	78.5
73000 Services	314.5	693.0	616.8
74000 Commodities	52.5	50.8	53.2
75000 Capital Outlay	0.0	7.0	7.0
77000 Grants, Benefits	96.1	0.0	100.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>1,693.2</b>	<b>2,022.9</b>	<b>2,105.9</b>
<b>Funding Sources:</b>			
1002 Federal Receipts	496.7	669.8	734.3
1004 General Fund Receipts	812.5	831.3	842.6
1005 General Fund/Program Receipts	1.0	1.5	1.5
1007 Inter-Agency Receipts	4.8	0.0	0.0
1108 Statutory Designated Program Receipts	60.3	20.0	20.0
1153 State Land Disposal Income Fund	317.9	500.3	507.5
<b>Funding Totals</b>	<b>1,693.2</b>	<b>2,022.9</b>	<b>2,105.9</b>

### Estimated Revenue Collections

Description	Master Revenue Account	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
<b>Unrestricted Revenues</b>				
State Land Disposal Income Fund	51434	10.1	10.5	10.5
<b>Unrestricted Total</b>		<b>10.1</b>	<b>10.5</b>	<b>10.5</b>
<b>Restricted Revenues</b>				
Federal Receipts	51010	496.7	669.8	734.3
Interagency Receipts	51015	4.8	0.0	0.0
General Fund Program Receipts	51060	1.0	1.5	1.5
Statutory Designated Program Receipts	51063	60.3	20.0	20.0
State Land Disposal Income Fund	51434	317.9	500.3	507.5
<b>Restricted Total</b>		<b>880.7</b>	<b>1,191.6</b>	<b>1,263.3</b>
<b>Total Estimated Revenues</b>		<b>890.8</b>	<b>1,202.1</b>	<b>1,273.8</b>

**Summary of Component Budget Changes  
From FY2009 Management Plan to FY2010 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2009 Management Plan</b>	<b>832.8</b>	<b>669.8</b>	<b>520.3</b>	<b>2,022.9</b>
<b>Adjustments which will continue current level of service:</b>				
-Delete One-time FY2009 Fuel/Utility Cost Increase Funding Distribution from the Office of the Governor	-1.2	0.0	0.0	-1.2
-FY2010 Wage and Health Insurance Increases for Bargaining Units with Existing Agreements	12.5	4.5	7.2	24.2
<b>Proposed budget increases:</b>				
-Specialty Crop Block Grant	0.0	60.0	0.0	60.0
<b>FY2010 Governor</b>	<b>844.1</b>	<b>734.3</b>	<b>527.5</b>	<b>2,105.9</b>

**Agricultural Development  
Personal Services Information**

Authorized Positions			Personal Services Costs	
	<u>FY2009</u> <u>Management</u> <u>Plan</u>	<u>FY2010</u> <u>Governor</u>		
Full-time	14	14	Annual Salaries	807,688
Part-time	0	0	COLA	32,583
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	435,676
			<i>Less 2.00% Vacancy Factor</i>	(25,547)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>14</b>	<b>14</b>	<b>Total Personal Services</b>	<b>1,250,400</b>

**Position Classification Summary**

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Assistant II	0	0	0	1	1
Administrative Clerk II	0	0	0	1	1
Administrative Officer I	0	0	0	1	1
Agricultural Inspect I	0	0	0	2	2
Dev Spec I, Option B	0	0	0	1	1
Dev Spec II, Option B	0	0	0	1	1
Division Director	0	0	0	1	1
Natural Resource Mgr I	0	1	0	0	1
Natural Resource Mgr II	0	0	0	1	1
Natural Resource Spec II	0	2	0	2	4
<b>Totals</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>11</b>	<b>14</b>